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Accused Spy Has Trouble Posting Bond

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Defense attorneys for accused spy Richard Craig Smith said yesterday that some of the banks that originally agreed to issue letters of credit as collateral for Smith's \$500,000 bond were no longer willing to do so because of publicity about the case.

But the president of Zion's 1st National Bank of Salt Lake City, which was listed in court documents as having agreed to issue an irrevocable, unconditional letter of credit for \$100,000, denied that his bank had approved any application for a letter of credit. Neither, he said, had any application been made.

Smith, a former Army counterintelligence specialist who lived in Utah, is charged with disclosing the identities of six U.S. double agents to a Soviet KGB officer for \$11,000. If convicted, he could be sentenced to life in prison.

He has been held at the Fairfax County jail since he surrendered to the FBI at Dulles International Airport on April 4. His attorneys have been trying to obtain his release, claiming that they cannot build an adequate defense while Smith is in jail.

Last Friday, a federal judge in Alexandria ruled that letters of credit and real estate from family and friends could be used as collateral for his bond.

A. Brent Carruth, one of Smith's attorneys, said the listing of the banks in the court documents was based on discussions with customers of the bank and was not meant to represent a formal application for a letter of credit.

"Perhaps it [the affidavit] should have been drafted with more clarity," he said. "It's intent was to show the judge that funds are available . . . and on the basis of that, letters of credit can be issued from the banks."

Carruth said he still hopes to have Smith released

from Fairfax County jail tomorrow, despite problems in obtaining the letters of credit and pledges of real estate as collateral for the bond.

Carruth also said some of the eight people who had agreed to pledge real estate had changed their minds because of publicity about the case.

However, he said, other banks have been found to issue letters of credit and other real estate has been found to meet the collateral requirement for \$500,000.

"We've had problems because each bank that has been listed [in court papers] has received at least 25 phone calls from the media," Carruth said in a telephone interview from his Los Angeles office.

Yesterday, Ronald Hanson, president of Zion's Bank, which has 62 branches in Utah, said his bank had not approved any application for a letter of credit.

In addition, Washington Mutual Savings Bank of Bellevue, Wash., which is listed as having agreed to issue a letter of credit for \$5,000, does not issue letters of credit, said bank vice president Dean Bateman yesterday. Smith had been living with his wife and four children in Bellevue, a suburb of Seattle, before his arrest.

Wasatch Bank of Orem in Orem, Utah, is also listed as having agreed to issue a letter of credit for \$25,000. But bank executive vice president David Stone said yesterday that though the bank "had been asked by a customer to consider a letter of credit," no agreement had been reached and the amount was for less than \$25,000. He declined to give the specific amount.

One bank that confirmed its intention to issue a letter of credit was Sun West Bank of Farmington in Farmington, N.M. Bank vice president George Ruth said the bank had agreed to issue a letter of credit but declined to disclose the amount. Court papers list the amount as \$50,000.